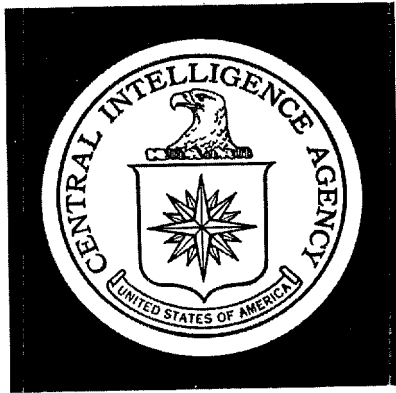


Secret

No Foreign Dissem



DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Political Trends in Malaysia's Borneo States

Secret

45

2 June 1967
No. 0292/67A

Secret

Special Reports are supplements to the Current Intelligence Weeklies issued by the Office of Current Intelligence. The Special Reports are published separately to permit more comprehensive treatment of a subject. They are prepared by the Office of Current Intelligence, the Office of Research and Reports, or the Directorate of Science and Technology. Special Reports are coordinated as appropriate among the Directorates of CIA but, except for the normal substantive exchange with other agencies at the working level, have not been coordinated outside CIA unless specifically indicated.

WARNING

This document contains information affecting the national defense of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

DISSEMINATION CONTROLS

This document **MUST NOT BE RELEASED TO FOREIGN GOVERNMENTS**. If marked with specific dissemination controls in accordance with the provisions of DCID 1/7, the document must be handled within the framework of the limitation so imposed.

GROUP 1 EXCLUDED FROM AUTOMATIC DOWNGRADING AND DECLASSIFICATION

Secret

SECRET

No Foreign Dissem

POLITICAL TRENDS IN MALAYSIA'S BORNEO STATES

Sarawak and Sabah, Malaysia's large but economically underdeveloped Borneo states, have recently been marked by growing political instability. Centrifugal tendencies have risen since the end of Indonesian "confrontation," which had served to strengthen the allegiance of these states to Kuala Lumpur. Prime Minister Abdul Rahman's abrupt ouster of Singapore from the federation in August 1965 added to discontent in Borneo, as did the subsequent withdrawal of the UK's military forces from the Borneo states. Two of the principal local political parties have severed ties with Rahman's powerful Alliance coalition in Kuala Lumpur, and are agitating for increased autonomy for their states. The strong Communist movement among Sarawak Chinese, although handicapped by its lack of appeal among the non-Chinese majority, has exploited these developments. Borneo's current leaders nevertheless realize that complete independence could subject them to the greater danger of eventual Chinese or Indonesian domination.

Background

The British crown colonies of Sarawak and North Borneo joined with the independent Federation of Malaya and the semiautonomous British-protected state of Singapore in forming Malaysia in September 1963. At that time North Borneo reverted to its native name of Sabah.

From Malaya's viewpoint the main objective of incorporating the Borneo states was to help avoid domination of the new federation by Singapore's dynamic Chinese population. Singapore's leaders visualized the enlarged federation primarily as an eco-

nomie common market which would buoy up their own state's flagging economy as well as give a larger political arena in which to operate.

As far as the Borneo leaders were concerned, merger constituted the only feasible road to freedom from colonial rule because the UK showed no inclination to permit their politically inexperienced and economically unviable states to attain independence separately within the foreseeable future. The sultan of oil-rich Brunei, on the other hand, elected not to alter his domain's status as a British protectorate.

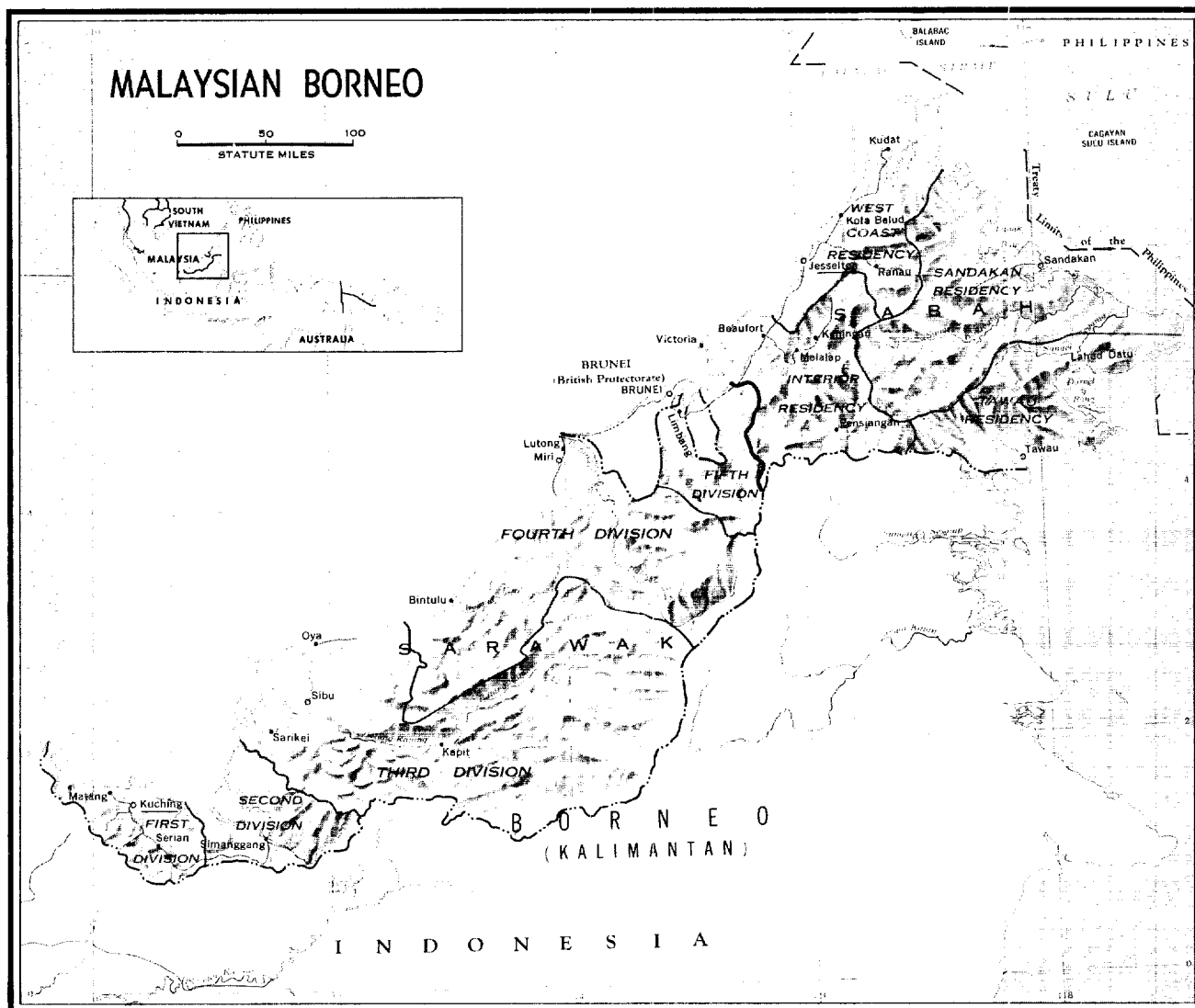
SECRET

Page 1

SPECIAL REPORT

2 June 67

SECRET
No Foreign Dissem



For the UK the creation of Malaysia under firm, anti-Communist leadership provided a way to end its rule in Borneo while still preserving a significant military, political, and economic presence in the area.

Confrontation

Sukarno's Indonesia assailed the Malaysian concept from the start as a British "neocolonialist" plot, and in early 1963 declared

a policy of military "confrontation." During the next two years the Indonesians carried out almost 400 armed incursions and intelligence-gathering missions into the northern Borneo states, as well as a substantially smaller number into peninsular (Western) Malaysia and Singapore.

Most of these incursions, however, were poorly planned and executed. Effective UK/Malaysian intelligence and countermeasures,

SECRET

SECRET

No Foreign Dissem

as well as popular dislike for the Indonesians, prevented Sukarno from making any headway. The most notable result of this harassment was to strengthen pro-Malaysian sentiment in both of the Borneo states.

Centrifugal Tendencies

The separation of Singapore from Malaysia--in effect a unilateral act of expulsion by Rahman--revealed the tenuous nature of the federal concept, and had deep repercussions in the Borneo states. For the leaders of these states, the arbitrary nature of Singapore's expulsion aroused fears of growing federal domination and stirred desires for greater control over their own affairs.

Centrifugal tendencies were further accelerated by the ending of Indonesian confrontation. Without the major cohesive force which this threat gave to the federation, Borneo leaders became more active politically. They began to examine more critically their states' administrative subordination to the federal regime and their local parties' subordination to the powerful Alliance coalition in Kuala Lumpur.

The end of confrontation, moreover, was followed during late 1966 by the departure of almost all of the UK military and security forces and allied Commonwealth units (Australians and New Zealanders) from Borneo and their replacement by smaller numbers of predominantly Malay forces from

the mainland. In Brunei the UK retained a Gurkha brigade and supporting units.

Borneans regarded the Malay replacements as less able than the British to protect their security. The Borneans had considered the British to be politically disinterested and in some cases favorable to Bornean interests, but regarded the Malay forces as just another manifestation of mainland Malay/Muslim domination.

Increased local discontent and anti-Malaysian tendencies have been accompanied by some increase in Communist activity, particularly in Sarawak. During "confrontation" Indonesia sponsored and supported much of this activity, but since early 1967 Djakarta has begun to help fight the small but deeply entrenched Communist guerrilla bands along the borders. Although the Communists are not yet a major threat, they appear to be laying the foundation for expanded future action.

Any estrangement between the Borneo states and Kuala Lumpur could present an opportunity for increased involvement in Borneo by Singapore's Lee Kuan Yew and his People's Action Party, who represent an intellectual attraction for many educated young Chinese in the Borneo states. The PAP reportedly has already established ties with non-Communist opposition elements in both Sarawak and Sabah. However, it appears doubtful that Lee would jeopardize his chances at improving relations with Kuala Lumpur

SECRET

SECRET

No Foreign Dissem

by indulging in any blatant efforts at undermining Kuala Lumpur's position for the time being.

Economic and Ethnic Factors

Most political differences between Western Malaysia and the Borneo states arise from their markedly different ethnic compositions and from Borneo's cultural and economic backwardness.

Sarawak and Sabah are far less developed than mainland Malaysia, having largely agricultural economies and requiring considerable expenditures of public funds in the building of an economic infrastructure. The lack of roads and schools comparable to those in mainland Malaysia has been an object of some political exploitation, although this is being countered by the government's current efforts. Of the two states, Sabah, with extensive rubber and timber estates, is the better off.

The existence of several distinct ethnic and religious groups side by side within both states has contributed to their political instability. In Sarawak, with an estimated population of 866,000, the indigenous tribal groups of early Malay origin--mostly Iban and Land Dayak--constitute just over 50 percent of the population, with the Chinese comprising 32 percent and the Malays the remainder. The tribal elements are mostly animist, although increasing numbers have at least nominally adopted Islam or Christianity. The Malays, like

their counterparts in the Malayan peninsula, are generally Muslim, and the Chinese a Buddhist/Taoist/Confucianist blend.

In Sabah, whose population numbers about 547,000, the tribal element is larger--67 percent--the major group being the Kadazan, who are also known as Dusan. The Chinese comprise about 23 percent, and the "true" Malays number less than one percent, although some tribal elements, notably the coastal Bajau, have adopted Islam and call themselves Malay. About 25,000 Indonesian immigrants and some Filipinos are primarily estate workers or seagoing barter traders and do not play a significant political role. During confrontation some of the Indonesians engaged in subversive activities.

In both states the large tribal elements have traditionally been politically passive as long as they were allowed to govern their own communal longhouses or villages and to follow their own agricultural pursuits, usually in the form of wasteful "slash and burn" farming of crops for their own consumption. With self-government, however, the tribal communities began to discover more common interests in their relations with the Malays and Chinese. Their large numbers, and the fact that their chieftains can generally dictate the attitude (and vote) of their followers, have enabled them to wield a growing influence in state politics.

Most Malays in Sarawak and Malay/Muslim elements in Sabah are

SECRET

SECRET

No Foreign Dissem

firmly convinced of the validity of the Malaysian federation concept and follow the lead of Alliance politicians in Kuala Lumpur. Their minority position within their own states contributes to this solidarity with the Malay-controlled federal government.

The Chinese in the Borneo states, as elsewhere in Southeast Asia, are generally divided into distinct dialect groups that remain closely identified with their area of origin in China and with their occupation. Although they dominate retail trade and small industry, they engage more widely in agriculture and related industries than the Chinese on mainland Malaysia and have thus been somewhat slower to develop political or labor organizations.

In both Sarawak and Sabah, Chinese businessmen and conservative elements have formed Alliance-associated parties modeled after the Malayan Chinese Association in Western Malaysia. In contrast to the broadly supported Chinese Association in Sabah, the Sarawak Chinese Association is weak, with most Chinese supporting the large, Communist-dominated Sarawak United Peoples Party.

Land hunger is a major cause of rural Chinese dissatisfaction in Sarawak. State law, in effect, allows Sarawak's Chinese to buy land in an area of only 1,000 square miles, or two percent of the state's territory.

Sarawak Politics

Sarawak politics have been stormy during the past year. The

primary political grouping ever since merger has been the multi-party Sarawak Alliance, affiliated with the ruling Malaysian Alliance in Kuala Lumpur. Internal disputes, however, have seriously weakened the Sarawak Alliance and have raised the once remote possibility of its defeat in the next election, which the constitution requires be held by August 1968.

This deterioration in the Sarawak Alliance was marked last year by the defection of one of its major components, the Iban-dominated Sarawak National Party (SNAP). This followed Kuala Lumpur's replacement of Chief Minister Stephen Ningkan, a member of the SNAP, with Tawi Sli, a more tractable Iban from another Alliance party. When the Sarawak High Court ruled the government's action unconstitutional, Kuala Lumpur declared a local state of emergency and amended the state's constitution



STEPHEN NINGKAN

SECRET

SECRET

No Foreign Dissem

to permit the governor to convene the assembly to remove Ningkan legally, which it did. The government attempted to assuage popular resentment by promising early elections, but conveniently failed to set a specific date.

This heavy-handed interference aroused unprecedented criticism of Kuala Lumpur, further increased Ningkan's popularity, and strengthened the position of those who favor increased autonomy. Ningkan promptly led SNAP's assemblymen into the opposition. SNAP remains an essentially conservative, anti-Communist group, however, and stops short of advocating complete separation from Malaysia.

The principal component party of the weakened Alliance coalition is the Pesaka, which derives its main support from the Iban and Land Dayak. Pesaka's leader, Temenggong Jugah, is the principal Iban chieftain, but is relatively ineffectual. Other Alliance parties are the small Sarawak Chinese Association, the Partai Negara, a Malay-dominated group, and BARJASA, a mixed Malay/Dayak party. Kuala Lumpur has tried to unite the three non-Chinese Alliance parties into a large and more effective native organization, but rivalry among their respective leaders has blocked the effort.

More significant than SNAP as an opposition force is the largely Chinese, Communist-dominated Sarawak United Peoples Party (SUPP). Formed in 1959, SUPP is



TAWI SLI

the oldest, best-organized, and best-led party in the state and may well have the most popular support. In the 1963 assembly elections it did in fact receive a plurality of the votes, but gained only five of the 36 elected seats because of an indirect election procedure largely designed to curtail Chinese political influence. Since the constitution requires that the next election be in the form of a direct popular vote, the SUPP can be expected to make significant gains.

From its inception SUPP has been the principal target of Communist penetration efforts in Sarawak, and much of its rank and file soon came under Communist control. During "confrontation" the security forces cracked down on Communist elements in the party and weakened their influence. In the past year or so, however, the Communists have staged a comeback. Reports by the police Special

SECRET

SECRET

No Foreign Dissem

Branch indicate that all local branches of the SUPP are now under Communist control. Chairman Ong Kee Hui is a moderate and Secretary General Stephen Yong also is non-Communist, but they appear powerless to make any changes that would significantly weaken the Communist element.

A recurrent nightmare for the government and Alliance leaders is the possibility of a SNAP/SUPP coalition in the forthcoming elections, despite the parties' political divergence. The government appears fairly confident that it could defeat SUPP and SNAP individually by strengthening the Alliance and through such devices as gerrymandering voting districts. However, a SUPP/SNAP coalition, or an arrangement between the two by which they would not challenge each other in marginal districts, would seriously threaten the Alliance and endanger Kuala Lumpur's control.

Government spokesmen have indicated that they would not countenance such a development and have implied that force might be used to prevent a SUPP, or SNAP/SUPP, victory. For the moment, they seem intent on deferring the election date, and the time when such a decision would arise, at least until next April.

The Sarawak
Communist Organization

Behind the SUPP political front is a network of tightly controlled Communist organizations commonly referred to by the col-

lective but unofficial name, the Sarawak Communist Organization (SCO). Feeding on discontent between the ethnic groups and federal-state antagonisms, the Sarawak Communist movement has established a widespread subversive base, principally among the Chinese, and developed an insurgent force capable of initiating a major revolt should its leaders so decide. Although these leaders, judging from their policy directives, have apparently resolved for the time being to concentrate on "united front" tactics so as to broaden their base of support, they are continuing to develop guerrilla forces in preparation for a possible protracted armed struggle should nonmilitant means fail.

The Communists organized a small anti-Japanese force during World War II. Their current activity appears to date from about 1952 when they began forming the interrelated organizations now comprising the SCO.

The earliest of these groups, and the one generally regarded as the nucleus of the apparatus, is the Sarawak Liberation League. A satellite group, the Sarawak Advanced Youth Association, set up in 1955 for the young intelligentsia, apparently acts as a stepping stone for aspirant leaders to the policy-making Liberation League. In 1961 the SCO formed the Sarawak Farmers' Association as a front among the rural masses. Although quickly outlawed, it has continued to function clandestinely.

SECRET

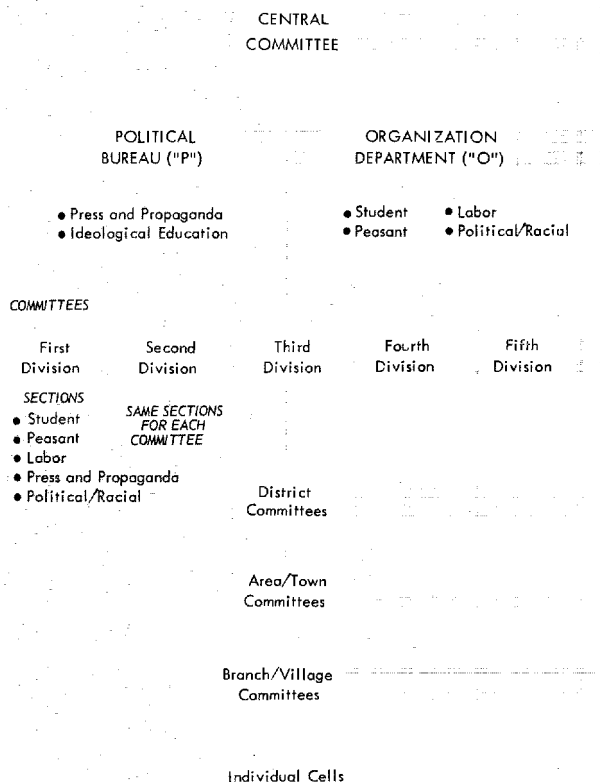
SECRET*No Foreign Dissem*

In 1964 the North Kalimantan National Liberation League (NKNLL) was created to cooperate with Indonesia's confrontation campaign--using the Indonesian term for Borneo in its name. During confrontation it operated in Sarawak, Sabah, and Brunei, as well as across the Indonesian border, and since confrontation ended, it has acted as a political activist group in the border areas. A major NKNLL responsibility, according to a document captured in October 1966, is to provide polit-

ical indoctrination for the SCO's armed guerrillas on the Indonesian side of the Sarawak border.

The organization framework of the SCO is provided by the Sarawak Liberation League and the Youth Association, with the Farmers' Association and the NKNLL having no formal structure and depending on the others for direction. Headed by a central committee, this structure follows a typical Communist organizational pattern down through individual local cells.

STRUCTURE OF SARAWAK COMMUNIST ORGANIZATION



The SCO currently has a hard-core strength of close to 1,500. SCO members in Sarawak under arms or having access to arms probably number between 800 and 1,000. In addition, Malaysian and British security officials believe the SCO has some 700-800 armed and trained guerrillas inside Indonesia. These officials estimate that SCO has between 15,000 and 25,000 sympathizers, many of them in SUPP.

Despite SCO's success in establishing an effective covert apparatus and in dominating SUPP on the branch level, its lack of appeal among the tribal and Malay element of the population will limit its prospects for gaining a broader following for some time to come. Its inability to gain wider indigenous support is probably based as much on its largely Chinese composition as on its Communist complexion.

SECRET

00790 5 67 CIA

SECRET

SECRET

No Foreign Dissem

The SCO leaders are fully aware of this problem and their current directives state that more effective "racial work" is a major objective. These directives also indicate that the SCO intends to work hard for SUPP electoral victory as a major step toward its ultimate goals: the disruption of Malaysia and the creation of an independent Sarawak under Communist control.

The SCO is Peking-oriented, and there have been some indications of direct ties with the Chinese mainland. In 1966, for example, a senior Sarawak Liberation League officer reportedly represented "North Kalimantan" at an Afro-Asian writers' conference in Peking. Captured SCO documents urge the rank and file to study the works of Mao Tse-tung and emphasize the necessity for training armed forces in preparation for protracted warfare.

Developments in Sabah

The political situation in Sabah has been far more tranquil than in Sarawak, and Sabah's political institutions and parties have evolved more slowly. The most striking difference between the two states is the absence in Sabah of any significant Communist activity.

The Sabah Alliance, like its counterpart in Sarawak, is a loose

multiparty coalition affiliated with the Malaysian Alliance on the mainland. Formed in 1962, until recently it included all of Sabah's three major political parties: the Muslim-dominated United Sabah National Organization (USNO), the tribal-dominated United Pasakmomo-gun Kadazan Organization (UPKO), and the Sabah Chinese Association.

The largest of these is USNO, led by Tun Mustapha bin Dato Harun. Although nominally multi-racial in its membership, its leadership and main support are Muslim/Malay and it has remained strongly pro-Malaysia since its inception in 1961.

UPKO is a close second in popular support. Its base is primarily in the large Kadazan tribal group, although it also has some Chinese and Muslim support.



TUN MUSTAPHA

SECRET

SECRET
No Foreign Dissem



DONALD STEPHENS

The party's president Donald Stephens, a Eurasian, has long been prominent on the political scene and served as chief minister in 1963-64. Less enamored with the Malaysia concept than USNO, UPKO contains a significant element which favors greater autonomy for Sabah.

The Sabah Chinese Association, like its counterparts in Sarawak and Western Malaysia, is led by Chinese business and commercial interests. It differs notably from the weak Sarawak association, however, in that it receives the

support of the majority of the Chinese population.

Increasingly strained relations between USNO and UPKO culminated last month in UPKO's withdrawal from the Alliance. Friction between the two nominal partners had mounted during legislative assembly elections held in April, in which USNO, with 14 seats, barely edged out UPKO, with 12. The Chinese Association won five. After the election, bickering immediately broke out over the distribution of cabinet seats and on 16 May Stephens marched the UPKO out of the Alliance.

Although the split will probably encourage increased UPKO agitation for autonomy, the "states rights" forces do not appear in any position to dominate Sabah's body politic for the foreseeable future in view of the seeming strength of the ties between USNO and the Chinese Association. Moreover, the lack of any significant Communist influence in the state, and the general economic prosperity indicates that Sabah has a better chance than Sarawak to maintain stability in the future. (SECRET NO FOREIGN DISSEM)

*

*

SECRET

Secret

Secret